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October 14, 2005

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: CS Docket No. 97-80: Joint Status Report of the Consumer Electronics Association and the National Cable & Telecommunications Association

Dear Ms. Dortch:

The Consumer Electronics Association ("CEA") and the National Cable & Telecommunications Association ("NCTA"), hereby submit the status report called for in the Second Report and Order in CS Docket No. 97-80, FCC 05-76, 20 FCC Rcd 6794 (rel. March 17, 2005) ("Second R&O"). In the Second R&O, the Commission reviewed progress in negotiations, and pending issues, between the consumer electronics and cable industries, involving at times other interested parties, and required (par. 34) that "NCTA and CEA shall file joint status reports and hold joint status meetings with the Commission on or before August 1, 2005 and every 60 days thereafter on progress in bidirectional talks and a software-based conditional access agreement." The Commission has since extended the due date for the initial joint report to the date of this letter, in order to meet OMB requirements and to accommodate a recent meeting schedule among the parties.¹

Negotiation of Bi-directional Agreement

As the Commission reviews in the Second R&O (pars. 17 - 19), the parties previously made joint or separate progress reports to the Commission on July 24, 2003, October 23, 2003, and January 21, 2004. As of October 19, 2004, there had been over 30 meetings involving these two industries. Some of the meetings included large group discussions with other interested industries. Rather than review material discussed by the parties in prior reports and in the background section of the Second R&O by the Commission, in this report the parties will, primarily, review their joint efforts since the date of the Second R&O.

¹ Media Bureau Announces Deadlines for Filing Reports Related to the Commercial Availability of Navigation Devices, DA 05-1930 (rel. Jul. 1, 2005); Order, CS Docket 97-80, DA 05-2645 (rel. October 3, 2005). The parties did meet jointly with the Commission staff, however, on September 1, 2005, as reflected in the *ex parte* filing they made on September 2.

Since the date of the Second R&O, the parties have met jointly on April 1, April 8, May 12-13, June 10, July 18-19, September 15-16, and October 6. This accounts only for major face-to-face joint meetings involving all major cable operators and consumer electronics manufacturers or their representatives. Other joint sessions have been held by conference call; technical calls; joint engineering meetings; meetings with interested parties (for example, content providers); and meetings with individual consumer electronics manufacturers. There have also been uncounted meetings and conferences as each side pursues the work necessary to make joint meetings productive.

Progress of Negotiations

1. The parties have agreed to proceed on the basis that interactive Digital Cable Ready devices (iDCRs) will use the OpenCable Application Platform (OCAP). (OCAP is a middleware to which interactive cable services may be written so that they may run on multiple device platforms.) Such iDCR devices also may have other functions beyond accessing cable resources. The parties are in the midst of joint engineering discussions on how device resources can be shared practically between cable applications and other applications of the iDCR. There are other technical issues that remain to be addressed.
2. The parties have investigated and studied platform, application, and interoperability testing programs and procedures in Europe and Japan. We have agreed that a workable conformance testing program for iDCRs and software applications will feature: device testing; applications testing; and systems (interoperability) testing among a subset of devices and applications, and that the subset and testing will evolve over time. A broader interoperability testing program, which may not be part of the formal conformance program, is also envisioned.
3. The parties have not had detailed negotiations as to nature of the licensing structure or provisions to be presented to the FCC in the context of a bi-directional framework. Cable has referred to CableLabs licenses posted on the OpenCable website, which have been agreed to by some individual consumer electronics manufacturers for the development and certification of bi-directional DTV products. CEA recently has provided comment on provisions of some existing licenses and on relationships among potential licenses and also has asked that the parties should consider a licensing structure similar to the DFAST approach as utilized in the unidirectional regime.
4. The parties, along with an array of Content providers and related interested entities, began iDCR negotiations with detailed discussions about the content protection requirements for such devices. Cable and CE agreed that tools capable of implementing selectable output control should be included in iDCRs, subject to "encoding rules," which have not yet been defined. There also remains work to

be done in implementing CGMS-A and a multi-industry means for sending revocation messages to compromised devices.

5. The parties are attempting to develop a means for software “bug fixes” to be delivered to iDCRs in a better manner than the memory sticks and other hard media currently used to update various manufacturers’ DTVs.
6. The parties have included representatives of the PC and IT industries in these negotiations to remain sensitive to issues that may be unique to PCs.
7. The parties are seeking to strike an agreement that permits innovation and competitive differentiation in devices, services and networks. In this respect, issues of technological evolution have been discussed, as was contemplated by the one-way agreement. A recent focus has been on the use by some cable operators of “switched digital” techniques, and on whether and how such techniques might be accommodated in future products.
8. The cable industry demonstrated the operation of downloadable security to FCC staff, as reported in an *ex parte* of July 18, 2005. On July 19, 2005, the cable parties provided a high-level briefing on downloadable security to a group of CE manufacturers assembled by CEA. Individual consumer electronics manufacturers and other parties are part of the group discussing the details of downloadable security in an NDA (non-disclosure) forum. The license for downloadable security is currently expected to be filed by cable with the Commission on November 30, 2005.

Respectfully submitted,

/s/ Neal M. Goldberg

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